

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

**770 L Street, Room 1160  
Sacramento, CA**

**Minutes of Meeting  
May 5, 2011**

**COMMISSIONERS PRESENT**

Michele Burton, M.P.H.  
Daniel Eaton  
Fran Florez  
Diane Griffiths  
Vicki Marti

**CMAC STAFF PRESENT**

J. Keith Berger, Executive Director  
Tacia Carroll  
Paul Cerles  
Nathan Davis  
Keith Farley  
Dana Griggs  
Katie Knudson  
Marilyn Nishikawa  
Mike Tagupa  
Becky Swol  
Karen Thalhammer

**COMMISSIONERS ABSENT**

Marvin Kropke

**EX-OFFICIO MEMBERS PRESENT**

Richard Sanchez, Department of Health Care Services  
Robert Nelson, Department of Finance

**EX-OFFICIO MEMBERS ABSENT****I. Call to Order**

The May 5, 2011 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Commissioner Eaton. A quorum was present.

On behalf of the Commission, Commissioner Eaton welcomed new Commissioner Fran Florez. Commissioner Eaton expressed that he looked forward to her contribution to the Commission, and that it was good to have representation from a new geographical area of the state. Commissioner Florez responded that she was happy to be in attendance, and looked forward to making her service to CMAC a priority while she is on the Commission.

## **II. Approval of Minutes**

The April 21, 2011 meeting minutes were approved as prepared by CMAC staff.

## **III. Executive Director's Report**

Mr. J. Keith Berger, Executive Director, began his report by also formally welcoming Commissioner Florez to CMAC on behalf of the staff, adding that she will be a great addition to the Commission and that he looks forward to working with her.

Mr. Berger reported that staff has provided the Commissioners with a draft of the proposed 2011 CMAC Annual Report to the Legislature. He asked the Commissioners to review it and provide any comments, edits, or suggestions to himself or Marilyn Nishikawa by May 12, 2011, so that the staff can incorporate them into the final document. The staff plans to have the final document before the Commission for approval at the May 19, 2011 meeting, after which the staff will move forward with distribution.

Mr. Berger informed the Commissioners that CMAC staff continues to make good progress in finalizing negotiations for the Private Hospital Supplemental Fund and Non-designated Public Hospital Supplemental Fund and expects to have those amendments before the Commission for review and action during our meetings in May.

## **IV. Department of Health Care Services (DHCS) Report**

Richard Sanchez, DHCS, began his report with an update on the Non-designated Public Hospital (NDPH) Intergovernmental Transfer (IGT) program enacted in AB 113. He stated the Center for Medicare and Medicaid Services (CMS) has requested additional information on the State Plan Amendment (SPA) submitted by DHCS, and that the Department is working on a response. He noted there will be 48 NDPHs included in the SPA. He also reported that the Safety Net Financing Division is meeting today to discuss CMS questions on another SPA relating to the extension of the hospital quality assurance fee (QAF).

Mr. Sanchez then introduced Mark Sanui, DHCS, Safety Net Financing Division, and asked him to report to the Commission on the status of the DRG development process.

Mr. Sanui explained that two meetings had taken place: one internal, with DHCS, CMAC, Office of Statewide Health Planning and Development (OSHPD) and the consulting group ACS; the other external, with hospitals, led by the California Hospital Association (CHA). DHCS began the meetings as an introduction on the base rules and processes for the DRG development effort, and on issues that DHCS plans to discuss. These meetings will allow all participants to have an opportunity to voice their opinions during the development process. At the next set of meetings, DHCS will develop tentative recommendations on those issues and bring them to the hospitals for discussion. Mr. Berger asked if other meetings were scheduled. Mr. Sanui confirmed that meetings are scheduled monthly and will allow enough time for DHCS to present information from the internal meetings to CHA and hospital representatives.

Commissioner Griffiths asked if there was a summary of concerns available from CMS regarding the QAF. Mr. Sanchez responded he did not know but will find out and report back to the Commission.

## **V. Department of Finance (DOF) Report**

Robert Nelson, DOF, reported to CMAC that the May Revise is scheduled to be issued on May 16<sup>th</sup>. He will have information and will go over any relevant proposals and changes to the Governor's budget at the May 19, 2011 meeting.

He also wanted to make the following statement:

"California is facing another significant budget deficit. And despite proposing a significant budget package of spending cuts, we must continue to limit new spending.

Therefore, it is the Department of Finance's position, as an ex-officio member of CMAC, that the CMAC staff and Commissioners use their statutory discretion to only sparingly and cautiously grant any new rate increases or rate-related [SPCP] contract changes that affect the General Fund.

Each organization responsible for administering State programs, including CMAC, needs to do their part to protect the General Fund and to limit new spending during these difficult times."

DHCS' representative in attendance, Mr. Sanchez, immediately concurred with DOF's statement.

Richard Sanchez also noted that DHCS expects the provision in SB 90 that requires the increase in general fund cost from a contract hospital converting to a non-contracting hospital to come out of the hospital's Quality Assurance Fee, should give the Commission considerable leverage in negotiation with hospitals.

Mr. Berger expressed his appreciation to the ex-officio Commissioners for their guidance and input. He stated that the CMAC staff is certainly aware of the budget deficit at the State level as well as the additional revenues being provided to hospitals through the extension of the hospital QAF, and that both of those issues would be given appropriate consideration in discussions with hospitals and within the Commission.

#### **VI. Public Comments/Adjournment**

There being no public comments, Commissioner Eaton recessed the open session. Commissioner Eaton opened the closed session, and after closed session items were addressed, adjourned the closed session at which time the Commission reconvened in open session. Commissioner Eaton announced that the Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.